

ALTERNATIVE FUELS RESEARCH AND EDUCATION DIVISION

PROPANE ALTERNATIVE FUELS ADVISORY COMMITTEE

August 25, 2004

Minutes

Members present: Paul Biney, James Cole, Dan Deaton, Todd Dorris, Anna May Etheredge, Steve Higginson (for Kenny Sharpless), Judy Kring, Don Lewis, Doug MacLay, Stan Mallory, Doug Peck, Shel Vedlitz,

Members absent: Chris Carter, Daniel Flores, Joseph Guerrero, Tom Nichols

Guests: Jack Denman, Omar Garcia, Murray Hoggarth, Wanda Hoggarth, Mike Merwarth, Barton Prideaux, Jackie Richards, Joey Strmiska, Pat Usener, Mike Welch

Staff: Heather Ball, Jackie Burge, Steve Jaeger, Dan Kelly, Carmen Ledesma, Thomas Petru

Chairman Anna May Etheredge called the meeting to order at 9:05 a.m. in the Railroad Commission's Alternative Fuels Training Center, 6506 Bolm Road, Austin. All present introduced themselves. Division Director Dan Kelly welcomed new appointees Jack Denman, Omar Garcia and Mike Welch, whose terms begin September 1, 2004.

On motion of Mr. Dorris (second by Mr. Mallory), the minutes of the April 28, 2004, meeting were approved without amendment.

Division Director's Report

Division Director Dan Kelly reported as follows:

Delivery-fee collections. Collections for fiscal 2004 through Friday, August 20, totaled \$2,043,394, about 1.5 percent below our 12-year average of \$2,074,647 for this date. The August 20 total does not include complete figures for the month.

Rebate programs. Payments of consumer rebates are current. Fiscal 2004 forecasts were accurate within 3 percent. As of Monday, August 23, applications are in hand that would exhaust the \$1.16 million budget, plus the \$25,000 authorized overage, plus \$32,000. Applicants have until September 30 to submit applications for installations completed by August 31, so this \$32,000 will increase by an undetermined amount. On the other hand, \$40,000 of these applications are

pending Star Home reservations. If the gas for any of these applications is not turned on by August 31, the application will not be charged to fiscal 2004.

Staffing. A posting is up for the central Texas field representative position formerly held by Kelly McEuen.

Juline Gurasich has resigned her grant-funded position as education coordinator to accept a full-time position with the State Energy Conservation Office. AFRED will continue to provide graphics and editing support under a grant contract in 2005. The position is being transferring over to SECO, and the curriculum project will be managed by SECO.

The Commission has approved 1.5 temporary positions to administer forklift rebates. The temporary positions will be paid from grants from forklift companies. These changes will bring the division's staff to 20.25 full-time equivalents (FTE). 11.75 positions will be paid from the checkoff fund, the same as last year.

RRC events. Commissioners remain actively involved in AFRED programs. In addition to the July 4 grilling event and Propane Superstars presentations by Commissioner Matthews, Chairman Carrillo will host the September 23 Texas Propane Technology Forum in San Antonio.

Forklift training. AFRED has won a \$4,800 grant from PERC to hold four more forklift training classes. Franz Hofmann will be the instructor. The classes are part of AFRED's overall effort to retain the forklift market, which includes managing the Propane Education and Research Council's emissions and fuel-quality work at Southwest Research Institute and the TCEQ forklift incentive program.

Grants. Recent rejections. TCEQ rejected AFRED's proposals (1) to continue the fuel cell demonstration at TransGuide for six more months, (2) to develop an LPG switcher locomotive, and (3) to verify low-NOx retrofit kits for pre-2004 forklifts. The forklift verification proposal will be reconsidered in October.

Recent awards. TCEQ has awarded AFRED the first \$1 million of a proposed \$11.8 million grant to replace, repower (i.e., replace the engine) or retrofit (i.e., replace the fuel system) LPG forklifts with 2004-compliant equipment. The program will operate in all 41 air-quality nonattainment and near-nonattainment counties in Texas. In addition, the U.S. Department of Energy, through SECO, has awarded AFRED \$200,000 to help school districts buy low-emissions LPG school buses.

AFRED is also partnering with TPGA under their \$202,000 contract with PERC to develop a prototype propane-fueled subsoil dryer for the highway construction industry.

Proposals. Pending proposals include:

Ultra-low-NOx bobtail and bus engine. AFRED has proposals pending with PERC and TCEQ to develop, certify, integrate, demonstrate and commercialize a 260-hp Hino LP-gas engine. This engine is suitable for medium-duty trucks, school buses, and related applications. Partners include Hino Diesel Trucks, Southwest Research Institute, Rush Enterprises, Clean Fueling Technologies, VIA Metropolitan Transit and Northside ISD.

Agricultural remote refueling. AFRED has a PERC proposal pending with Osborn & Barr of St. Louis, Missouri, and Frontier Associates of Austin to investigate technological and regulatory issues related to on-farm propane refueling for the PERC Agriculture Committee.

Residential dehumidifier. AFRED, TECO Energy of Tampa, Florida, and NovelAire Technologies of Alpharetta, Georgia, are proposing that PERC demonstrate a propane-fueled desiccant dehumidifier in Florida, Texas and North Carolina. The goal is to provide additional in-service data to the manufacturer prior to full commercialization.

Fiscal 2004 and 2005 budgets. Dan reviewed these budgets and highlighted the major changes. Grants affect salaries and other items budgeted from Fund 101. The method of finance for these items may be reallocated if AFRED wins additional competitive grants during the fiscal year.

Marketing/Public Education

The Marketing/Public Education section reported as follows:

Media rebate. Jackie Burge handed out the rebate statistics through August 24, 2004. She reported the amounts paid, pending and reserved out of the \$100,000 budgeted for fiscal 2004. Twenty-eight marketers have participated in the media rebate program this year. Jackie reviewed the program rules:

- Radio, print, and TV ads are included, as well as other publicly available media.
- Each marketer is allocated \$65 per Form 4 truck registered with the Commission.
- Eligible advertising must include at least 60 percent generic information and may include up to 40 percent dealer-specific information.

The AFRED marketing staff is responsible for informing the dealers about the program. Jackie explained how radio ads are evaluated for compliance with the 60/40 rule. Heather explained that each dealer chooses what media work best for them in their service area.

Following discussion, the committee recommended no changes in the media rebate program for fiscal 2005.

Consumer rebates. 919 Star Home rebates have been paid so far in fiscal 2004. Jackie has been checking weekly to make sure that Star Homes on the reserve list will be completed before September 1, 2004. These rebates will be paid from fiscal 2004 funds; any rebates that come off reserve free up money for other rebates. \$43,200 in rebates cosigned by 70 marketers are on hold. About \$25,000 of that amount is for Star Home rebates.

Mr. Vedlitz summarized the recommendations of the task force assigned to look into awarding Star Home rebates by BTU totals rather than by types and numbers of appliances.

On motion of Mr. Vedlitz (second by Mr. Dorris), the committee voted unanimously to recommend that the Commission establish a two-tiered Star Home rebate program effective October 1, 2004:

Star Home rebate @ \$750

2 or more water heaters
2 or more furnaces

Star Home rebate @ \$550

1 water heater
1 furnace

1 clothes dryer
1 additional appliance from the list below

1 clothes dryer
1 additional appliance from the list below

Additional appliances: gas range, gas cook-top, gas oven, gas logs, hard-piped gas grill.

Consumer rebate administration. Following discussion, Mr. Vedlitz moved (second by Mr. Mallory) to recommend that the Commission rescind the \$25,000 cap on applications carried forward into the next fiscal year; pay all qualified rebate applications received by close of business August 25, 2004, and make the new program rules effective October 1, 2004. Applications for installations completed between September 1 and September 30, 2004, will be administered under the current rules. The motion passed 11-1.

AFRED will present these recommendations to the Commission at a September conference.

TCEQ forklift incentive grant. Heather announced that a contract has been signed and final administrative details are being worked out with the Texas Commission on Environmental Quality. Heather urged marketers to get their forklift distributors on her contact list. A Railroad Commission Category L licensee must co-sign each forklift rebate application, just as Category E licensees must co-sign consumer rebate applications.

Research, Development and Demonstration

Acoustic propane level sensor. Mr. Peck described the acoustic level sensor prototype that VIA is testing in cooperation with Jared Meyer of ADEPT Science and Technology, Los Alamos, New Mexico. The device will be tested on VIA's propane buses over the next several months.

AFRED Research and Technical Services Director Steve Jaeger reported as follows:

Texas Technology Forum. The September 23 event at Southwest Research Institute will feature speakers on a wide range of new propane residential, industrial, commercial and agricultural technologies. The agenda, free online registration, and lodging information are available on AFRED's home page at www.propane.tx.gov.

2007 forklift emissions and fuel quality. PERC's forklift project at SwRI has shown that LPG fuel-system manufacturers will be able to meet the 2007 EPA standards for large spark-ignited engines, using the new stricter transient test cycle. Currently the SwRI engineers are testing fuel additives and emissions durability using fuels with varying sulfur content. The project steering committee will meet on September 22 to review the test results.

Agricultural research. Steve reported on three areas of PERC-funded agricultural research conducted by AFRED and its partners.

Burner development. Wayne LePori has completed work on his covered burner, which is twice as efficient as an open-flame burner. Negotiations are under way with a manufacturer to commercialize the unit. Work done under this project was also instrumental in helping to commercialize the Flame Engineering burner for the poultry industry

Soybean production. Dan Poston's field tests at Mississippi State University have shown that covered burners lower the cost of producing organic soybeans.

Defoliation on cotton. Paul Funk's propane defoliator was tested in the Rio Grande Valley in July. Tests will continue in Lubbock and in the states of California and New Mexico starting in the first week of October. Dr. Funk has applied to PERC to build a production prototype.

Residential fuel cell. This project is complete. The integrated Plug Power/HyRadix unit had 60-80 days of operation and worked continuously during its last month of operation.

Training and Continuing Education

Training Director Thomas Petru reported as follows:

Training update. Cease-operations letters were sent in June to certificate holders who missed their May 31, 2004, continuing-education deadlines. AFRED also notified category D, F, G, J, and K certificate holders of their May 31, 2005 deadline. As of August 25, AFRED has trained 2,560 students in 262 classes, exceeding our goal for fiscal 2004.

LP-gas safety rule books. The new rule book is now available and will be on sale in September for less than \$10.00. The book does not include the LP-gas forms, which are available on the Commission's web site. This new book replaces the two existing publications now in circulation. The new rule books will be distributed in the Category E classes.

New course. AFRED will solicit bids to develop a new Texas Propane Training Module 3.3, Installing and Converting Propane Appliances.

Category M training. AFRED and the Texas Recreational Vehicle Association are considering making Category M management- and employee-level certificate holders subject to the Commission's training and continuing-education requirements.

AFT (Advanced Field Training) requirement. AFRED is considering adding AFT checklists to each of the six courses that currently lack them. The AFT will be added as a skills assessment confirmation. Companies are required to retain records of their employees' completion of AFT requirements.

LPG exams. AFRED instructors currently offer LP-gas certification examinations after some of our training classes. Starting in September, this program will be expanded to new locations. Details will be posted on the AFRED web site as they become available.

Next Meeting; Adjournment

The committee adjourned at 12:49 p.m. The chairman will set the next meeting date.



Carmen Ledesma